



Department
for Education



Department for
Business, Energy
& Industrial Strategy

Lords Economic Affairs Committee
House of Lords
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Dear Lord Forsyth,

Thank you again for inviting me to give evidence to the House of Lords Economic Affairs Committee alongside Minister Milton earlier this month. I promised to write to the Committee on a number of points of detail, which I have set out below. I would of course be happy to provide any additional information if this would help the work of the Committee.

1. Further and higher education funding comparisons

The Committee was interested to explore relative costs to government for the provision of higher education and further education and referenced figures shared by my Department with the Committee on 27 September 2017.

During the evidence session, Lord Turnbull correctly identified that, based on learner numbers in both higher and further education during 2014/15, government proportionately spent less per learner on further education (£2,742) than it did in higher education (£5,068). While I understand the Committee may find this disparity concerning, and we are actively considering whether funding for further education supports high-quality delivery, this data does not take into account the types of learners or programmes studied.

The majority of universities charge the maximum possible fees for at least some of their courses, and three-year courses remain the norm. Programmes studied by learners in further education can differ significantly, both in length and content. For example, the sector provides for adults to get a second chance at achieving a first qualification in English and maths (as well as other basic skills qualifications) which can cost around £750, through to technical level 3, 4 and 5 apprenticeships in STEM subjects which can cost up to £27,000 per year.

Nor does the data for further education include restructuring funds that government has made available to support the further education sector. These funds recognise the vital role colleges play in society, and up to £726m is available over a three-year period to March 2019. We do not include restructuring funds in the overall cost to government as funding is only provided

upon the approval of an application from an FE provider, and therefore the total funding to be made available is not yet known. Additionally, a significant proportion of the funding is provided as a loan, and therefore repaid by the college, thereby reducing the overall cost to Government.

Finally, the number of institutions that deliver training in further education also reflects the diverse set of learner needs. At Annex A, I have attached a copy of the diagram to which I referred in my evidence session that sets out the budget pots each type of provider can access if they deliver further education courses in England.

As we discussed, these issues are relevant to the Review of Post-18 Education and Funding that government has recently announced. This major review will ensure that the post-18 education system is giving everyone a genuine choice between high quality technical, vocational and academic routes, students and taxpayers are getting value for money and employers can access the skilled workforce they need.

2. TEF methodology

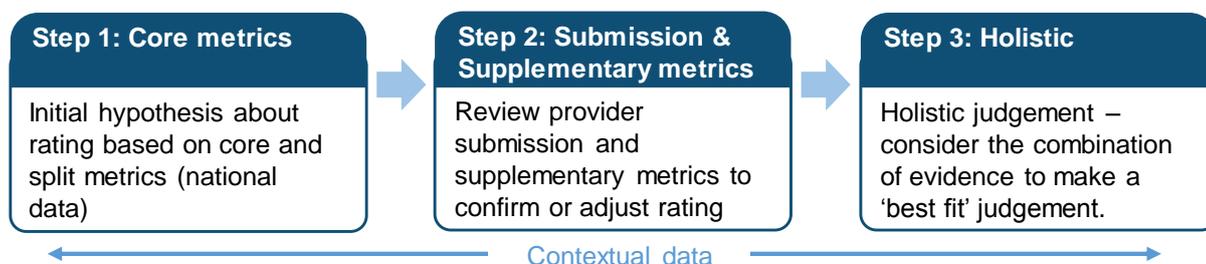
The Committee was also interested in the methodology used to determine ratings within the Teaching Excellence and Student Outcomes Framework (TEF). There is no one-size-fits-all definition of teaching excellence and as Chris Husbands, the chair of the TEF assessment panel and Vice-Chancellor of Sheffield Hallam University, has noted:

[TEF] does not pretend to be a direct audit of the quality of teaching. Instead, it uses a range of evidence to construct a framework within which to make an assessment – looking at a range of data on teaching quality, learning environments and student outcomes.

In developing the metrics used within TEF, we listened carefully to the feedback received from our 2016 consultation. We have used tried and tested data sets that are already widely established in the sector, not least to avoid the need to collect new data and impose a burden on institutions. We ran a ‘lessons learned’ exercise, following the trial year of TEF (academic year 2016/17), and made some minor amendments to the metrics as well as strengthening the accountability measures.

The TEF assessment process consists of three steps, as shown in Figure 1. The full TEF assessment process is set out in our [TEF specification](#) and I have also provided a summary of the three steps below.

Figure 1: TEF assessment process



Step 1: Core Metrics

An initial hypothesis is derived from a common set of six core metrics, as described in Table 1.

Table 1: TEF metrics

Aspect	Metric	Source	Weight
Teaching Quality	Teaching on my course	National Student Survey (NSS)	0.5
	Assessment and feedback		0.5
Learning Environment	Academic support		Higher Education Statistics Authority (HESA) statistics
	Continuation rate	1.0	
Student Outcomes and Learning Gain	Employment or further study	Destination of Leavers from Higher Education (DLHE) survey	1.0
	Highly skilled employment or further study		1.0

All metrics are ‘benchmarked’ to reflect the provider’s student intake, taking into account factors including prior attainment, social disadvantage, gender and ethnicity.

For each metric, if a provider performs well or poorly against its benchmark, it will be flagged. Very high and very low absolute performance are also marked and are counted similarly to positive and negative flags.

The number of positive and negative flags is used to determine an *initial hypothesis* of the provider’s rating of gold, silver or bronze. For example:

- negative flags totalling 1.5 lead to a bronze; and
- positive flags totalling 2.5, and no negatives, lead to a gold.

As our [Year 2 “lessons learned” document](#) describes, we are aware of the concerns raised about the use of National Student Survey (NSS) metrics within the TEF. However, the TEF Chair and panellists confirmed to us that they felt that the NSS metrics were helpful in guiding their decisions and that all three metrics provided useful information about the quality of teaching at the provider. As a result of this lessons learned exercise, all NSS based metrics are weighted half that of the other metrics.

Other information available alongside the core metrics, which assessors will use to inform the rating:

- *splits*: each core metric is split out into sub-groups to show performance for different student characteristics reflecting widening participation priorities (for example, gender, ethnicity, social disadvantage, prior attainment, etc); and
- *contextual data* on the nature and operating context of a provider, such as their size, location and student population.

Step 2: Submission and supplementary metrics

Assessors review the following information to confirm or adjust the initial hypothesis of gold, silver or bronze:

- provider submission (additional evidence written by the provider);
- three supplementary metrics:
 - grade inflation metrics (sourced from a provider declaration);
 - sustained employment or further study metric (sourced from Longitudinal Education Outcomes [LEO] data); and

- above median earnings or further study (sourced from LEO data).

Step 3: Holistic judgement

Finally, the assessors make a holistic judgement considering all of the evidence about whether the provider best fits the description of a gold, silver or bronze rating. Providers who are eligible but do not have sufficient metrics will be given a 'provisional' rating.

The judgements are made by an independent panel, under the chairmanship of Chris Husbands, that includes academics, student representatives and experts in employment and widening participation.

3. Alternative student finance

Lord Sharkey asked about the development of alternative student finance products. I am happy to confirm that we still plan to introduce a finance product that is compatible with the beliefs of students who do not feel able to access traditional student loans for religious reasons.

We are working with a number of partners and advisors to explore how we can design a product that works for the user in terms of policy design and delivery. The end-to-end loans system is delivered through an ecosystem of providers and is supported by a number of different processes, and we need to ensure that we have considered all of this in our design of these products. We have been working with a specialist advisor to identify issues at the next level of detail down from the model that was in Government's consultation, as well as exploring the practical changes that would be required in areas such as online portals and communication points with students.

We would like to bring forward a product as soon as is feasible, and must balance this with getting the right result. For this reason, we are not currently stating the year for launch because we do not want to give misleading information to prospective students. However, we are committed to providing information and updates before the summer because we appreciate that this is an important topic for many students. I recognise Lord Sharkey's particular interest in this issue and my officials will keep him updated on developments after your inquiry has completed its work.

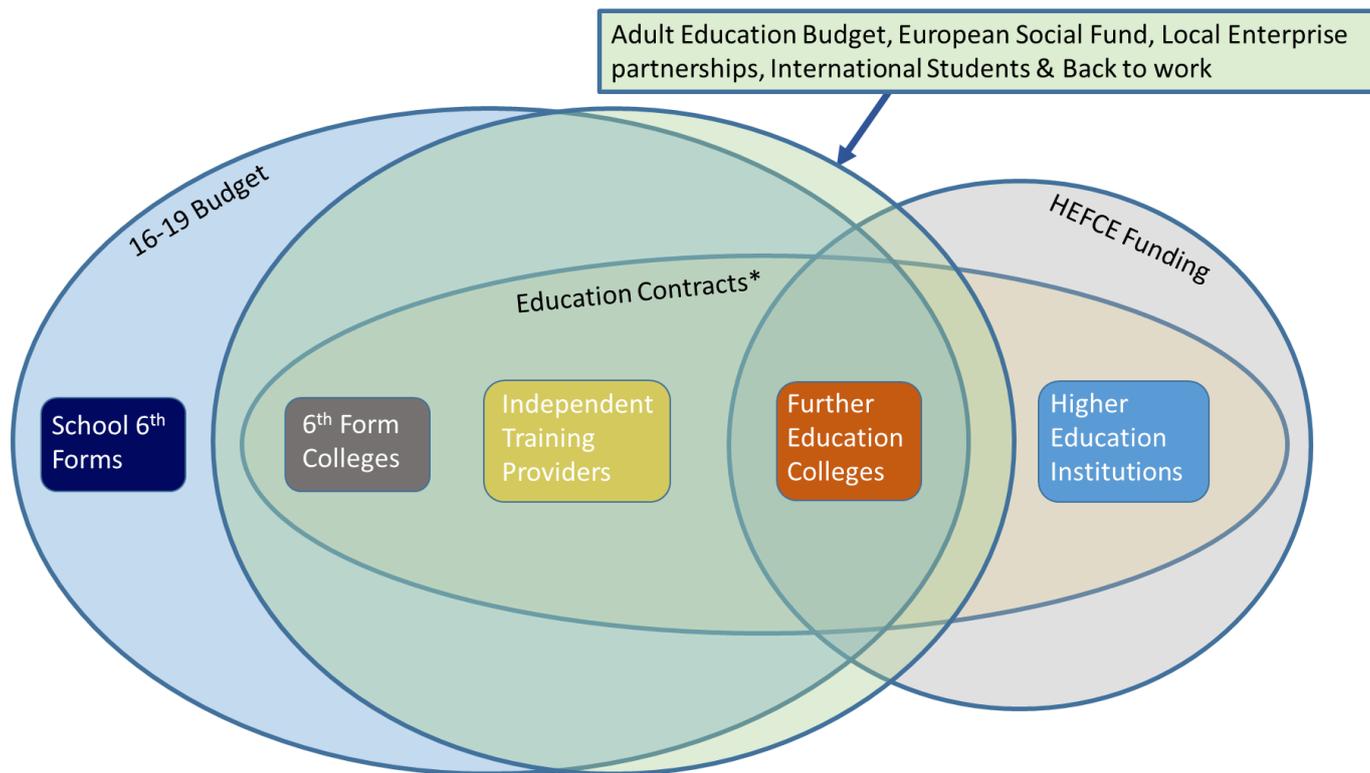
I look forward of course to reading the final report from the inquiry.

Yours ever,

A handwritten signature in black ink, appearing to read 'Sam Gyimah', written in a cursive style.

SAM GYIMAH MP

Annex A: Diagram of budget pots available to providers that deliver further education courses in England



**Education contracts include when a college delivers learning on behalf of another education establishment or training provider and receives payment for doing so.*